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Major News Releases and Speeches

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Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Remarks prepared for delivery by Secretary of Agriculture John R. Block before the Allied Grape Growers, Modesto, California, June 19, 1981

As I was flying across the country Wednesday afternoon, I couldn't keep from thinking about what a wide variety of commodities we were passing over. True, all of our commodities fall under the broad umbrella that we call American agriculture. But, when you look at how diversified we are, you have to wonder what else binds us together.

Does the peanut farmer really know what it's like to sit and watch a hail storm level a corn field. Or does the soybean farmer have any idea how frustrating it is to get the labor needed to harvest a raisin crop.

On the other hand, I have found that when you start talking about the basic principals of agriculture—it really doesn't matter what particular commodity you produce. We're all interested in freedom to work within a market-oriented agriculture. We all want the least amount of government interference. And we're all interested in gaining new markets for our products.

So, let's spend a few minutes talking about where we're heading in the world marketplace.

Actually, right now we really don't look too bad on paper. Our agricultural exports have provided a \$30 billion surplus in our nation's trade balance. That's not bad, compared to the \$50 billion deficit we have in non-agricultural trade. Those figures are impressive, but I think we can still do much better, and I expect California to play a major role as the government and the private sector work toward creating new markets.

On the whole, your state's exports have fared quite well during the past decade, especially when we recall that your state's horticultural exports were confined largely to just Canada and Western Europe as we opened the 1970's. Today we are in markets which we would have thought impossible to penetrate 10 years ago. Yet, I know you are not satisfied—particularly in the area of wine exports.

I do realize that we have made some major advancements in introducing California table wines to the world. We all remember a few years back when the American wine industry was probably one of the few industries in this country that was, for all practical purposes, barred from world markets.

At the same time the United States was a dumping ground for foreign wines. In light of that, it must be particularly satisfying today to see some of your products edging their way into markets—markets which were once considered the sole proprietorship of European wines. Certainly the tremendous improvement in the quality of our offerings has been largely responsible for the fact that last year we exported 6.7 million gallons. Ten years ago U.S. wine exports were close to the zero mark.

But, the really bright spot is the future growth we can expect. If we can settle some trade policy issues, California wine could literally explode into the world market. You have the fine quality and you have the location that makes you a natural supplier. Now you need access.

The front page success story for all horticultural exports probably lies in the Far East. This area not only turned in a brilliant performance during the 1970's, but it promises even more in the years ahead. Japan has established itself as a leading market for fresh citrus from the United States. And Hong Kong has become our most important offshore market for many California commodities such as fresh oranges, table grapes, plums and melons.

But as you know, we have to fight hard to get into many of these markets. And once we're in—we have to fight even harder to stay. Trade protectionism is always with us, and it is becoming even more of a threat in some areas.

We, at the USDA, are not only intensifying our efforts toward the removal of trade barriers—but, we are also trying to develop a keener insight into the nature of our new markets. Even though we are doing quite well in some markets, such as within the Arabian Peninsula, we need to gain much more knowledge about these areas. That is why we want to develop a joint effort with the private sector as we survey the limitations, needs and export potential of all these important markets. At the present time, 18 California firms are operating under export incentive programs with our Foreign Agricultural Service—and we are

expecting more newcomers this year.

In short, this administration recognizes the tremendous potential of all agricultural exports and we are going to do everything we can to create a world climate that will allow trade on an even-handed basis. I placed great emphasis on this subject

during my recent trip overseas when I was involved in several serious discussions with representatives of the European Community. Those discussions will continue at various levels until we have achieved our goals.

Now I'd like to turn our attention to another subject—one that I know you have concerns about. I'm referring to the regulatory activity of the U.S. government.

The administration is also trying to foster a climate here in the United States that will encourage productivity in all areas of the economy—and that means taking a very close look at the regulatory process.

Now, I'm not suggesting we suddenly blindfold ourselves and start ripping away at the 100,000 pages of federal regulations that are on the books. I don't think you're suggesting that, either. But we are going to be leaving our fingerprints on those pages. And I can promise you—if the benefits don't match up to, or outweigh the costs, then we're going to do everything we can to eliminate them.

One particular case is the decision made by the previous administration to require a partial ingredient labeling on alcoholic beverages. If allowed, this would become effective on January 1, 1983. The cost of this regulation to the consumer, not to mention the cost of administering it, makes this action totally unrealistic. We're talking about \$137 million per year in higher prices, and an additional \$200,000 per year for the government to simply administer it. I sincerely question the wisdom of those who would propose spending that kind of money on a regulation that doesn't even have scientific evidence to warrant its implementation on health grounds.

Perhaps that amount of money may seem like a drop in the bucket to those in government who have become accustomed to talking about a trillion dollars. But \$137 million still means something to me—and I'm sure it means something to you.

That is just one example. There are many more. But, fortunately, we have set behind us the era in which the government felt it, alone, could solve all of the woes of our nation. Today we have a government that is willing to place the responsibility into your hands. I think it's a responsibility that we are willing to accept.

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Remarks by Secretary of Agriculture John R. Block before the San Joaquin Farm Bureau Federation, Stockton, California, June 19, 1981 and the Tulare Farm Bureau Federation, Tulare, California, June 20, 1981.

Traveling this country and discussing issues with its many farmers and ranchers during the past five months has been an education in itself. I have found that, regardless of how diversified we are in the commodities we produce, we all have something very much in common when we start talking about the basic concerns of American agriculture. Today I want to talk about some of those concerns.

First, we'll talk about the direction agricultural policy is heading. Then we'll discuss the specific area of exports—zeroing in on some of your California commodities. Another area I will touch upon will be the dairy program—the current problems and where it is heading. Lastly, we'll talk about the regulatory process and how we are approaching it.

Let's begin with policy. Simply stated, we believe that our producers should have the freedom to work within the framework of the market. This is the type of economy that propelled us to the number one position in the world, and it is the type of economy that is going to keep us there. Production signals have to come from the marketplace. And right now we see the green light flashing for us to expand production of the basic commodities.

That means we aren't going to be providing any encouragement to idle land or divert it from food crops. I hope we never again find ourselves in the position we were in during the early 1970's when 62 million acres of farmland were out of production.

Since we are looking at increased production, we also support increased funding for agricultural research as a means of assuring the long-term productivity. And we are placing added emphasis to export expansion for obvious reasons.

The world market is there, but it's not waiting for us. We are going to have to fight to get into it. And once we're in, we'll have to fight to stay in it.

We see California playing a major role in this new export expansion, especially in the areas of horticulture. Your export growth during the past ten years will serve as a benchmark for this thrust into the 1980's—and hopefully, long after.

In South America, Columbia has become a strong growth market. We also see gratifying signals in the Central American and Caribbean complex. But the front page success story lies in the Far East. This area not only turned in a brilliant performance during the 1970's, but it promises even more in the years ahead.

Now let's touch briefly on some of your California commodities.

Your state's almond industry has long been a top dollar earner in exports, but it faces some major competition. As you know, the European Community takes about 60 percent of our almond exports. Spain, another significant producer of almonds, will undoubtedly be given duty-free treatment with its probable entry into the Community. To counter this move, we have been working intensively with Italy to strengthen its almond industry. Eventually, we hope to get Italy's support for removal of the common external tariff.

The European Community also provides key markets for our walnut industry.

Our main competition come from the French, who have been persistently seeking measures to impede U.S. exports. Thus far our efforts to ward off these disruptions have been successful. And we will continue to protect this important market.

Another important commodity, California oranges, represents at least 90 percent of all U.S. oranges exported. A significant breakthrough came several years ago when, after negotiations, the Japanese agreed to expand their import quota to 82,000 metric tons by their 1983 fiscal year. Before that, their U.S. imports were limited to 15,000 metric tons. Looking to the future, Japan has agreed to discuss

quotas with us during their 1982 fiscal year. Our position will be simple: Liberalization!

Wine is another industry that is showing great potential. I realize that we have not reached the trade balance we would like. But we have made some progress when you consider that ten years ago our exports were close to the zero mark. If we can settle some trade policy issues, California wine could literally explode into the world market. We have the fine quality and the location that makes California a natural supplier. Now we need the access.

Another problem we face is the extension of tariff preferences by the European Community to the citrus producing countries of the Mediterranean.

Currently, we are intensifying our efforts to encourage the European Community to lift many of its trade barriers. In fact, that was the point of discussions I held just this month during my travels overseas. Frankly, time is running out and our patience is growing thin on many of these issues.

In keeping with the philosophy of this administration, we are seeking the assistance of the private sector to accomplish many of our export goals. At the present time, 18 California firms are operating under export incentive programs with our Foreign Agricultural Service, and we are expecting more newcomers this year.

Now, let's skip over to a domestic issue—our dairy industry. We've got a real problem here. Just to give you an example of how fast this problem is growing, look at it this way.

If you add up the money our government spends on purchasing surplus dairy products, then add interest and storage—we will have spent nearly \$17,000 since I began speaking to you tonight.

I think you know what has to be done. Those of you in the dairy industry know what doom lies ahead if this monster continues to go unleashed. All we are doing is giving the dairy economy a cosmetic complexion, and sooner or later we are going to have to face the facts. I think that Congress realizes it, too. Right now the Senate bill is closer to our thinking, and that bill has a good chance of going to the floor next week. We have a ways to go with the House, but we're going to stick with it. Any program that will encourage this problem will be subject to my strong recommendation for a veto.

This is just one example of how we are trying to get this country back on a solid economic foot. We also have been taking a closer look at the entire regulatory process. I know this is an area of concern for you.

I'm not suggesting we suddenly start ripping away at the 100,000 pages of federal regulations on the books. But we are going to leave our fingerprints on those pages. One particular case is the decision made by the previous administration to require a partial ingredient labeling on alcoholic beverages. The cost of this regulation to the consumer (\$137 million per year) and the cost to the government to administer it (\$200,000 per year) makes this action totally unrealistic.

Perhaps that kind of money seems like a drop in the bucket to those in government who have become accustomed to talking about a trillion dollars. But \$137 million still means something to me—and I'm sure it means something to you.

Again, this is just one example. There are many more. But fortunately we have set behind us the era in which government felt it, alone, could solve all of the woes of our nation. Today we have a government that is willing to place the responsibility into your hands. I think it's a responsibility that we are willing to accept.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement of John B. Crowell, Jr. Assistant Secretary for Natural Resources and Environment Before the Subcommittee on Conservation, Credit, and Rural Development of the Committee on Agriculture Tuesday, June 16, 1981

Mr. Chairman, it is a pleasure to appear before this Committee to present the views of the Department of Agriculture regarding water resources and H.R. 3432.

Mr. Chairman, as this Committee is well aware, water is the life blood of agriculture and food and fiber production is basic to the strength of the Nation. The importance of establishing and maintaining a national policy that provides for the proper conservation and utilization of our land and water resources is of utmost priority. This is the basic strength and foundation from which all other amenities of life are derived.

The outlook for world commodity demands and consumption in the next several decades indicates a continued expansion of U.S. production in response to world demands and continued growth in exports. It also indicates increasing pressures on the supply of available cropland and water for U.S. agricultural production.

The Department of Agriculture provides financial and technical assistance for the proper management of water and the conservation and preservation of the productive land base. The Nation's soil and water resources are subject to increasing pressure to produce more food and fiber, to provide more opportunities for recreation, and to accommodate urban growth. The concern that abuse or overuse of soil and water resources would deprive future generations of these resources induced Congress to authorize programs such as the Watershed Protection and Flood Prevention Program (which includes both small watershed development and river basin surveys and investigations), and the Resource Conservation and Development Program. These programs have served their legislated purposes well. However, there is a growing concern over the time required to plan and install water resources projects.

Water policy has evolved through many changes during the past years. Laws passed since the enactment of the Watershed Protection Act have created significant impacts on the administration of this program. Changing national priorities and rulemaking further add to the challenge of water projects development.

Mr. Chairman, I have taken this opportunity to provide background information that supports the major role of the Department in water matters.

We are committed to providing a more cost effective means of serving the public. From this basis we wish to express our views on the Bill H.R. 3432.

We are opposed to the enactment of H.R. 3432. We believe there is no need for legislation on this matter. The Executive Branch already has adequate authority to deal with water resource issues. And we believe planning and research activities would be undertaken more effectively by the states and private industry.

The President has established various Cabinet Councils to address issues and assure coordination within the Federal government. The Cabinet Council on Natural Resources and Environment is responsible for water resources. The members of the Cabinet Council on Natural Resources and Environment include: The Secretaries of Agriculture, Interior and Urban Development as well as the Attorney General.

The Cabinet Council has a Working Group to assist in carrying out its responsibilities on water policy. I serve as a member of the Working Group along with Assistant Secretaries representing Army, Interior, Environmental Protection Agency, the Executive Office of the President and other affected agencies.

Water policy coordination at the national level should be assured of a balanced input by the responsible agencies. Each agency has been embodied with certain legislative authorities unique to the mission of that agency. Thus, for these objectives to be fully achieved, there must be preserved an equal voice on these issues.

We believe that utilizing the Cabinet officials through the Cabinet Council is an efficient and effective means of addressing water resource policy issues.

This mechanism provides adequate opportunity for coordination between Federal agencies, and assures accountability.

We believe that the River Basin Commissions authorized under PL 89-80 should continue to carry out their planning functions but that these activities should not be funded by the Federal government. The Department of Agriculture will continue to provide assistance to River Basin Commissions within the limitations of personnel ceilings and program funds.

Title IV of the Bill provides for Army alone to study the water resources needs of various river basins and other regions of the United States. The Department of Agriculture has a vital interest in the study of river basins. It is my view that any such studies should be interagency in nature and should be coordinated at the national level.

Also in order to not undercut incentives for state planning efforts, this Administration does not favor establishment of the financial assistance program proposed in Title III.

Again, Mr. Chairman, I appreciate the opportunity to express these views. I will be glad to answer any questions you may have.

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**Statement by John R. Block Before the Subcommittee on
Legislation and National Security Committee on Government
Operations House of Representatives June 16, 1981**

Mr. Chairman and members of the Committee, I am pleased to be here today to discuss the problems of audit resolution and the issues raised by the Comptroller General in a recent report entitled, "Disappointing Progress In Improving Systems For Resolving Billions In Audit Findings." As you are aware, the Department has reviewed the subject report and is in general agreement with the findings and recommendations.

The Department has initiated efforts to comply with virtually all of the recommendations contained in the report and the Executive Order regarding Integrity and Efficiency in Federal Programs. For example, it was recommended that a top level manager be designated to coordinate the efforts to improve audit resolution policies, procedures and practices consistent with the intent and spirit of OMB Circular A-73,

Audit of Federal Operations Programs. I am in the process of designating the Deputy Secretary, Richard E. Lyng as that official.

In addition, several actions have been taken during 1980 to make Departmental managers more aware of their responsibilities in this field and to focus their attention on audit follow-up activities. We will monitor the progress of these actions and, if appropriate, suggest modifications to further improve the effectiveness of such actions. For example:

- Audit Review Committees have been established for our major agencies to resolve all intra-departmental differences impeding audit resolution. These committees are composed of top agency managers, including the appropriate Assistant Secretary, the Inspector General and representatives of the Office of the General Counsel.
- A revision of the Secretary's Directive concerning Resolution of Audits and Establishment and Collection of Claims is in progress. The revision will enlarge the scope of the directive to implement the requirements of the Supplemental Appropriations and Recissions Act of 1980 and the revised OMB Circular A-73 pertaining to timeframes, progress reports and systems evaluations and delineates respective OIG and agency responsibilities in this process.
- The Office of Inspector General is in the process of revising its information system to be more responsive to Congressional interest in the resolution of monetary findings and the collection of claims and will periodically evaluate the effectiveness of agency procedures to resolve audits and to collect on claims arising from them. Mr. Chairman, I wish to emphasize my determination that all USDA managers assign a high priority to bringing the Department into full compliance with all legislative and regulatory requirements pertaining to the resolution of audits and the establishment and collection of claims arising from them.

This concludes my remarks. I will be happy to answer any questions that you and members of the Committee may have.

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Statement of John B. Crowell, Jr., Assistant Secretary for Natural Resources and Environment, U.S. Department of Agriculture June 17, 1981, Before the Subcommittee on Public Lands and Reserved Water of the Committee on Energy and Natural Resources, United States Senate Concerning S. 842 RARE II Review Act of 1981.

Mr. Chairman and members of the Committee, I am pleased to have this opportunity to discuss with you the administration's views on Senate Bill 842, titled the "RARE II Review Act of 1981." When Deputy Secretary Lyng presented the administration's views on S. 842 in late April the committee indicated plans to submit additional written questions and to schedule this followup hearing. I look forward to working with you on this and other issues.

Since the April hearing, companion legislation to S. 842 has been introduced in the House (H.R. 3358 and H.R. 3491). We have responded to a series of questions raised by members of the subcommittee following the April 22 hearing. Copies of our June 5 response to these questions have been provided to the committee and I am prepared to discuss them with you.

This Administration remains strongly committed to the provisions of S.842. We believe that the concepts embodied in S. 842 and H.R. 3358 are of such importance that no additions to the wilderness system should be made without providing at the same time equally assured status to unroaded lands designated for multiple uses other than wilderness in RARE II or which may not be recommended for wilderness as a result of the further planning process.

We expect to provide the committee our legislative report on S. 842 within the next few days. It offers a number of suggestions to strengthen or clarify the provisions of S. 842. As a part of our report, we include a brief description of the relationship of our proposed amendments to S. 842 and a draft revision of S. 842 incorporating those amendments.

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Statement by Frank W. Naylor, Jr. Under Secretary for Small Community and Rural Development U.S. Department of Agriculture Before the House Committee on Agriculture Subcommittee on Forests, Family Farms and Energy and Subcommittee on conservation, Credit and Rural Development June 17, 1981

Mr. Chairman and members of the committee.

It is a pleasure to meet with the members of this joint subcommittee hearing to discuss the important issue of strengthening and perpetuating the family farm in America.

This Administration is committed to providing effective leadership that will assure our nation of a strong, free agriculture--firmly rooted in our highly successful, competitive and diversified system of family farming.

President Reagan campaigned last year on a platform pledging to restore profitability to agriculture. Implicit in that pledge is the continued support for the family farm as a productive enterprise. The farm family has traditionally been a leader in contributing to the strength and fiber of the country's social values.

Secretary of Agriculture John Block has selected the issue of helping new farmers as a high priority concern for the Farmers Home Administration. Secretary Block has charged me as under secretary with the responsibility to find an appropriate solution to the unique credit and other related problems in establishing new farmers and ranchers.

I can assure you that I am taking this charge very seriously. We are working on an answer to this issue and I welcome the opportunity to share our thinking with you.

But first, let me address specifically the proposed legislation now before the committee--and the major purpose of this hearing.

In light of my earlier comment, the Department of Agriculture shares with this committee both your concern and your desire to assist deserving newcomers to the farming sector of our economy. We, too, are interested in assisting individuals who are qualified but who lack the capital or other needed resources to acquire a family farm.

Nevertheless, the Department urges that this proposed legislation,

H.R. 2977, not be enacted. The measure is not needed for these reasons.

Sections 3 and 4 of the bill authorize the secretary of agriculture to establish, and for states to participate in, a program for guaranteeing loans made by state agencies for the purpose of purchasing and operating family farms.

Under existing farm ownership (FO) and operating loan (OL) programs of the Farmers Home Administration, the department currently has Congressional authority to make or guarantee loans for the purchase, enlargement, development and operation of family farms by beginning farmers. Additional statutory authorities that basically duplicate already existing authorities would serve no useful purpose.

Indeed, such legislation would prove counterproductive by requiring new programs to be created, additional regulations to be written and implemented and by requiring the expenditure of needless additional administrative costs and staff time in order to launch a totally new program.

Section 5 of H.R. 2977 sets out conditions for the secretary's approval of state applications to participate in the program.

Section 6 establishes eligibility requirements for individual loan applicants.

Section 7 provides for the loan guarantee to lapse under certain conditions.

Thus, Sections 5, 6 and 7 would require the Farmers Home Administration to establish separate procedures for administration of the program.

Further, a state agency, designated by the state's chief executive officer to administer the program, would be the lender in lieu of established lending institutions now authorized by FmHA.

Also, the loan applicant eligibility requirements differ significantly from FmHA's existing requirements for loans to beginning farmers.

We believe all these differences would lead to unnecessary confusion, additional costs, and administrative delay as similar programs with very dissimilar requirements and procedures were offered and operated simultaneously. Even worse, the rejection requirement by a commercial lender and FmHA raises serious questions and poses potential problems.

For example, if FmHA rejected an applicant, this legislation would allow that applicant to then apply to the state agency. The state agency, in turn, may then ask FmHA to guarantee a loan which, under its own rules, FmHA would not previously make.

It does not make sense for FmHA, or any other lending agency, to guarantee a loan that it will not make.

Section 8 of H.R. 2977 requires that an annual report on this program be submitted by Dec. 31 to the agriculture committees of both the House and Senate. This would duplicate existing reporting requirements. FmHA currently collects and provides data on a fiscal year basis concerning the operation and administration of the guaranteed farm ownership program.

Section 9 would set a limit on the aggregate amount of outstanding loans in any fiscal year. Currently, appropriations for existing FmHA programs are set by the Congress for that year's budget without aggregate indebtedness limitations--except for the economic emergency (EE) program, which was created by separate legislation as a temporary program.

Section 10 would amend Section 303(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923 (a)) by including loan "points" as a loan purpose.

Mr. Chairman, this change is of particular concern to us. The net result of this change would be to reduce the availability of funds to the borrower while, at the same time, increasing the effective cost of his loan.

In addition, there is a very real possibility that this charge and other administrative regulations would vary significantly from one state to another which would lead to potential serious administrative problems for Farmers Home Administration county supervisors.

Section 11 defines terms used in the legislation. The terms "family farm" and "family farmer" differ significantly with the terms as defined in existing FmHA program regulations--definitions which are already in use and widely accepted. The prospect of trying to administer very similar programs with significantly different requirements gives us great concern.

For all of these reasons, the administration opposes this particular

bill. At the same time, we agree with the purpose and intent of this legislation.

However, instead of new legislation, what we need is to put the Farmers Home Administration back to its basic mission, as charged by Congress, and to use existing authorities as they were originally intended.

In recent years, the agency has become overburdened with too many programs, too much money and not enough staff to provide supervised credit on a personal basis with individual farmers and ranchers. We plan to rectify this situation.

The Farmers Home Administration has an important role in serving the credit needs of some farmers.

Its role is two-fold: (1) to provide carefully supervised credit to farming operations which have a reasonable chance of success but cannot find elsewhere the credit they need at terms they can afford; and (2) to help a farmer restore to pre-disaster conditions his farm which, through no fault of his own, is the victim of a declared emergency situation, usually a natural disaster.

In recent years, we've lost sight of this goal. This administration proposes to restore the Farmers Home Administration to its traditional role.

We believe the needs of beginning farmers can be met within existing legislative authority and we are in the process of taking appropriate steps to effectively use all the presently available resources of the department to assist these new producers.

A review of the present beginning farmer situation indicates that well intentioned efforts in the past often resulted in government loans being made to prospective producers who have only limited experience. Many of them have not received the subsequent supervision and counseling needed to assure a reasonable expectation of success. As a result, high delinquency rates and debt service loans have developed. Far too many of these individuals cannot cope with the complex problems associated with agricultural credit. Farm and ranch failures and high delinquencies can be traced directly to inadequate supervisory assistance and financial counseling in too many cases.

To correct this situation, and meet our basic goal, the Farmers Home Administration plans to require graduation as rapidly as possible

of those producers who have a demonstrated capacity to move to the Farm Credit System or to local commercial credit. This will permit the agency to concentrate its staff on assisting the new family farmers to achieve financial independence.

An informal review of the credit field indicates that there is sufficient agricultural credit available.

We believe that the full field force network of the Department of Agriculture can be more effectively utilized to assist new farmers and ranchers in developing a sound farm or ranch plan which will lead them successfully to enter the field of agriculture and graduate to commercial credit within a 5-10 year period.

We also plan to tap and use the vast reservoir of local agricultural expertise that is not being fully utilized today.

The Farmers Home Administration would encourage new farm applicants and coordinate their beginning farming or ranching operations with this local expertise to help assure business success.

Part of this responsibility is to assist in developing a business plan for the orderly acquisition of equipment and/or livestock and when appropriate will lead to land acquisition and to graduation to private credit in 5-10 years under normal operating conditions.

This plan, when fleshed out, will allow the Farmers Home Administration to direct the majority of its resources to the development of new, qualified farmers and ranchers--with the help and ongoing assistance of successful local decision-makers in agriculture.

The heavy emphasis on local decision-making and day-to-day operational supervision appeals to agricultural leaders with whom I have discussed this proposal. The plan strongly reflects the Reagan philosophy of local initiative and decision-making. Members of the local community are familiar with local crop and livestock conditions. Their advice and counsel on individual business plans will help assure beginning farmers of a reasonable opportunity for success.

The key to any successful program for assisting new farmers to get into agricultural production full time and for profit is supervised credit.

Supervised credit has long been a hallmark of the Farmers Home Administration. In recent years, an overburdened staff has had to neglect the critical element of supervision in order to meet responsibilities of other programs.

We propose to emphasize once again this critical element of credit to borrowers who cannot obtain credit elsewhere.

In this way, we will meet all the objectives of the proposed legislation now before this committee in H.R. 2977--without the cost, the potential confusion or the creation of new program authorities.

Mr. Chairman, this concludes my prepared statement. I'll be glad to respond to any questions.

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Statement of John B. Crowell, Jr., Assistant Secretary for Natural Resources and Environment, U.S. Department of Agriculture, Before the House Subcommittee on Public Lands and National Parks of the Committee on Interior and Insular Affairs, June 18, 1981

On H.R. 856, H.R. 859, H.R. 1116, and H.R. 3053 concerning the designation of various RARE II roadless areas on National Forest System lands in California as components of the National Wilderness Preservation System.

Mr. Chairman and members of the Committee:

The Administration urges that Congress complete its considerations of areas recommended in RARE II for wilderness. Furthermore, we believe the best way to resolve the use on further planning areas is through completion of Forest Land Management Plans; and Congress should affirm management of the lands identified as nonwilderness for multiple uses other than wilderness. We believe legislation for California should be based on these criteria. Resolution of the status of nonwilderness lands is particularly important in California where a court injunction has delayed management on 46 nonwilderness areas.

The previous administration, as a result of RARE II, recommended 20 new wildernesses and 15 wilderness additions for a total of 1.3 million acres in California. With the exception of three areas, Red Butte (5703, 6703), Boundary Peaks (A5058, B5058) and a small addition to Marble Mountain wilderness (A5074), we support the

designation of these areas as wilderness. H.R. 859, in contrast, would designate 52 new wildernesses and wilderness additions for a total of 2.1 million acres.

We note that Red Butte has not been included in H.R. 859; however, we concur it should not be designated as wilderness. Boundary Peak (A5058, B5058), like Red Butte, was not recommended for wilderness in the RARE II Final Environmental Statement. It was proposed as wilderness by the previous administration. This administration recommends it not be designated wilderness.

After careful examination of the remaining wilderness recommendations of the previous administration, we have concluded that part of the Marble Mountain additions (A5074) should not be designated wilderness because of the high timber values in an area of sizeable existing or proposed wilderness.

Although H.R. 859 includes the areas recommended for wilderness in RARE II, it goes far beyond those recommendations and would designate as wilderness 28 RARE II further planning areas, or parts thereof, totaling 442,470 acres and 21 RARE II nonwilderness areas totaling 320,300 acres. We strongly recommend that these additional areas not be designated as wilderness.

We have two major reasons for this recommendation. First, in California there already is substantial land allocated, recommended, or under study for wilderness. Second, if these additional areas were designated as wilderness, they would have a substantial adverse impact on the National Forest timber sale program, would result in major losses for developed recreation use and would adversely affect mineral exploration and possible development. I would like to review the background to our position.

LAND BASE

California's total area is 101,564,000 acres of which 42 percent, about 42 million acres, is public lands administered by the Department of Agriculture and the Department of the Interior. National Forest System lands total about 20 million acres, lands administered by the National Park Service total 4.5 acres, public lands administered by the Bureau of Land Management total about 16 million acres and National

Wildlife Refuges total 85,000 acres and Bureau of Reclamation lands total 1.1 million acres.

About 2.7 million acres of public lands (National Forests, National Parks and National Wildlife Refuges) in California are in the National Wilderness Preservation System. On the base map before you, these are shown in yellow. These wildernesses include the John Muir, Minarets, Golden Trout, Joshua Tree, Pinnacles, Marble Mountains, Desolation and many others. The National Forest System in California includes about 2.1 million acres of the existing wilderness with an additional 1.3 million acres including primitive areas recommended for wilderness status as a result of the Roadless Area Review and Evaluation (RARE II).

The RARE II decision also committed the Forest Service to holding about 2.7 million acres for further planning to evaluate additional wilderness opportunities during the Forest Service's ongoing land and resource management planning program. About 6.6 million acres of public lands are being considered by the Bureau of Land Management for wilderness suitability. The 4 million acres of National Parks are mostly roadless and undeveloped.

To summarize: within the 42 million acres administered by the secretaries of agriculture and the Interior in California, 2.7 million acres of public lands are in the Wilderness System now; 1.3 million acres are before the Congress as a result of the RARE II recommendations, 1.4 million acres of National Park wilderness are being considered for addition to the Wilderness System; and, more than 9 million roadless acres are being given further study. We believe the existing wilderness, areas now being recommended for wilderness by the administration and possible additions resulting from further studies by the Department of the Interior and further planning by the Forest Service will provide a very adequate wilderness resource base in California.

The relationship of National Forest System lands already designated or recommended for wilderness by RARE II to the total land base in California is indicated graphically in Chart 1 attached to my printed statement. Chart 1 portrays the existing wilderness, RARE II recommended wilderness including primitive area recommendations and further planning for National Forest System lands in California. In total, nearly one-third of the National Forest lands in California are

involved. If H.R. 856 and H.R. 859 pass, there would be 6.2 million acres in wilderness, an area about the size of the state of Maryland and an additional 9 million acres are being studied for wilderness, an area equivalent to the states of Massachusetts and Connecticut.

FURTHER PLANNING AREAS

I would like to comment briefly on the further planning areas.

About 2.7 million acres of National Forest System lands in California were allocated to further planning. This is an area about one-half the size of Massachusetts. The Forest Service in RARE II concluded that these lands needed further consideration because in some cases they did not have sufficient evidence to favor any one use or set of uses; in other places adjacent to National Parks, National Wildlife Refuges or BLM lands, more time was needed to coordinate interagency assessment of the wilderness potential. All these further planning areas will remain essentially undeveloped until the land and resource management plans are completed. Upon completion of this planning process, the administration may recommend the inclusion of additional areas into the National Wilderness Preservation System.

During the planning process, exploration and leasing for oil and gas may be permitted in these areas. Commercial harvesting of timber will not be permitted. However, the timber volumes on the commercial forest land in these further planning areas are included in the calculations to determine the allowable sale quantity for each National Forest.

H.R. 859 would designate four additional study areas--Monache, North Mountain, Eightmile-Blue Creek and Orleans Mountain. These areas have already been studied and restudied and there is no management or scientific justification for spending more time and money on redundant studies. We strongly recommend deletion of these special study provisions.

IMPACTS OF H.R. 859

Passage of H.R. 859 would have substantial economic impacts. The RARE II areas recommended for wilderness contain about 7 billion board feet of sawtimber growing stock. Even at an average value of \$100 per thousand board feet, this represents a total value of about

three quarters of a billion dollars. The areas included in H.R. 859 would cause that figure to be about double. Table 1 indicates the relative impacts of H.R. 859 and the RARE II recommendation on timber values.

The ability of National Forests in California to meet other important resource targets would be jeopardized by the enactment of H.R.859. Although updated information analysis will be available when National Forest land and resource management plans are completed, it already is apparent that on the additional lands contained in H.R. 859, we have opportunities for: (1) extraction of gold, silver, uranium, chromite, manganese, copper and tungsten for which high potential exists on more than 200,000 acres; (2) ski development at five potential sites which could accommodate about 14,000 skiers at one time; (3) development of picnicking, camping and other types of recreation; and (4) for the improvement of wildlife and fish habitat, including instream improvements for anadromous fish habitat.

If H.R. 859 were enacted we estimate that returns to the U.S. Treasury from the sale of timber would be about \$98 million less in the next 5 years and about \$65 million annually in the 10 years following (Table 2). This dollar loss and subsequent reduction in employment would result from the sales planned in nonwilderness areas that are proposed for wilderness or for further study by H.R. 859. Plans for these sales, obviously, would need to be cancelled. The resultant loss in jobs during the period 1981-85 are estimated at about 350 to 400 and would likely increase to about 1,000 during the period 1985-95. Jobs lost indirectly in service industries would be about double this number.

Many communities, especially in northern California, are dependent on National Forest timber. The economics of communities such as Happy Camp, Weaverville, Willow Creek, Orleans, Burnt Ranch, Hayfork, Hyampom, Round Valley, Yreka, Crescent City, Gasquet, Hoopa and some communities in southern Oregon would be impacted. Federal payments to counties under the 25 percent fund would also be reduced in California (Table 2). It is estimated that the overall annual reductions would be about \$5.5 million during 1981-85 and \$18.2 million during 1986-95. Counties most impacted would be Del Norte, Humboldt, Trinity, Shasta, and Siskiyou.

The impact of H.R. 859 must not be looked at in isolation. It is one more in a series of cumulative impacts that together are diminishing substantially the availability of commercial forest land base and the subsequent reduction of timber harvest on National Forest System lands. On the Klamath National Forest, for example, the cumulative effect would be to reduce the annual programmed timber harvest by 17 percent from 259 MMBF to 215 MMBF. Over one-third of this reduction would be attributable to the areas added in H.R. 859 above our recommendations.

The initial Redwood National Park and its expansion in 1978 had a major impact on the economy in Del Norte and Humboldt counties. The employment associated with the timber industry was especially hard hit. These counties were assured that such measures as accelerated road building on the Six Rivers National Forest and accelerated harvest on the Six Rivers, the Shasta-Trinity, and the Klamath National Forests offered promise of lessening the impact.

Such relief has not occurred. H.R. 859 would seriously restrict any ability to increase longtime harvest levels and would cause a significant decrease in the present programmed harvest from these National Forests.

Another impact on Northern California is the designation of the Klamath, Trinity and Eel Rivers and the Smith River and many of its tributaries as part of the National Wild and Scenic River System by former Secretary of the Interior Andrus. This action did result in reducing the estimated programmed harvest from the Six Rivers National Forest by 8.5 million board feet annually.

We also have major concerns regarding the private lands and special exchange language in section 5(c). The 55,700 acres of private land contained in four proposed wildernesses in H.R. 859 (Trinity Alps, Mt. Shasta, Castle Crags and Granite Chief) are mandated for federal acquisition by exchange or otherwise. We estimate that purchase costs would be about \$55 million based on 1977 dollars. Exchange of the lands would reduce the National Forest land base available for goods and services, impacting existing programs. We strongly recommend that legislation on California wilderness not include special purchase or exchange provisions. This administration is opposed to major land acquisitions which remove lands from production. The federal government owes large amounts to private landowners whose lands

have been acquired or are mandated by statute for acquisition. Exchange is equally unacceptable when any of the affected lands are removed from production.

Finally, it is essential that the legislation include language such as that contained in H.R. 3358 that will remove any uncertainty as to the further management of the lands designated for multiple uses other than wilderness. With increasing national demands for both renewable and nonrenewable resources, we can no longer afford further delays. The resulting uncertainty is having a severe impact on public and private investments which are essential to the nation's timber supply, on exploration for and development of mineral and energy resources, on range capability, on wildlife management and on the expansion of developed recreation opportunities.

The cumulative effects of wilderness and wilderness study designations and challenges to use of nonwilderness roadless areas are having significant impacts on the ability to plan for orderly management of the National Forests to provide essential goods and services.

We believe the quickest action that can be taken to end the uncertainty and remove the paralysis is to provide in statute that the 36 million acres that were designated for nonwilderness be managed for uses other than wilderness. Therefore, we strongly support those provisions of H.R. 3358. We believe such statutory direction is necessary to avoid legal entanglements such as the California v. Bergland lawsuit that further prolongs indecision.

I will also comment briefly on the three other bills affecting California Wilderness--H.R. 856, H.R. 1116, and H.R. 3053.

H.R. 856

We generally defer to the Department of the Interior for detailed comments on H.R. 856, a bill that would designate approximately 1.4 million acres of the National Park System as wilderness. It would transfer 23,000 acres of National Forest System lands to the National Park System. It would transfer to the Yosemite and the Sequoia-Kings Canyon National Parks for study and possible designation as wilderness, two RARE II "Nonwilderness" (part of North Mountain 305256 and all of Jennie Lakes #05200) roadless areas and one "Further Planning" area (Mt. Raymond #05242), totaling 23,000 acres of National Forest

lands. We strongly object to these transfers based on the resource values of the areas.

We do concur in two minor boundary alterations for Yosemite National Park described in the Park Master Plan dated September 1980. These boundary changes would transfer the 253-acre Crocker Ridge addition presently within the Stanislaus National Forest to the National Park. The 160-acre Raymond Mountain deletion to the park will transfer land outside the park's legislative boundary which has been administered by the Forest Service under a 1963 Memorandum of Understanding to the Sierra National Forest.

H.R. 1116

H.R. 1116 would designate a 67,000-acre Dick Smith wilderness on the Los Padres National Forest and would transfer 430 acres of the San Rafael wilderness to the Dick Smith wilderness. It further provides for closing the Buckhorn Fire Road to all motorized vehicles except those used by the Forest Service for administrative purposes.

The provisions of H.R. 1116 regarding the proposed Dick Smith wilderness are the same as those in section 2(a)(11) of H.R. 859. Both wilderness proposals are identical to the wilderness recommendation that resulted from RARE II. We have no objection to this wilderness designation nor the transfer of 430 acres of the San Rafael wilderness to the Dick Smith wilderness for the purpose of clarifying wilderness boundaries in relation to the existing Buckhorn Fire Road.

H.R. 3053

H.R. 3053 would direct that approximately 420 acres in the Giddy Giddy Gulch area and 990 acres in the Sand Flat area of the Shasta National Forest be managed for multiple uses other than wilderness. These areas are valuable for possible ski area development and we have no objection to enactment of H.R. 3053.

The objective of H.R. 3053 also can be accomplished by the deletion of the 420 acres in Giddy Giddy Gulch from the Mt. Shasta wilderness as proposed in H.R. 859 and by incorporating the release language we have suggested. Then both the 990 acres in the Sand Flat area and the 420 acres in Giddy Giddy Gulch would be available for multiple uses other than wilderness.

This concludes my prepared statement, Mr. Chairman. I will be happy to respond to any questions you may have.

TABLE I

COMPARISON OF THE EFFECTS OF H.R. 859 AND THE RARE II WILDERNESS RECOMMENDATIONS¹ ON NATIONAL FOREST TIMBER RESOURCE VALUES IN CALIFORNIA

	RARE II	H.R. 859
Area (Acres):		
Wilderness	1,196,870	2,139,730
Further Planning	2,776,833	2,062,392
Nonwilderness	2,360,344	1,972,925
Wilderness Study		42,000
Planning Area		94,000
Transfer to NPS		23,000
TOTAL	6,334,047	6,334,047
Softwood Sawtimber Growing Stock (MMBF):		
Wilderness	7,033	14,721
Wilderness Study		249
Planning Area		2,602
Transfer to NPS		175
TOTAL	7,033	17,747
Potential Yield (MMBF):		
Wilderness	59.6	131.6
Wilderness Study		4.1
Transfer to NPS		1.7
SUBTOTAL	59.6	137.4
Further Planning	117.8	59.8
Planning Area		31.1
Non-Wilderness	236.3	199.3
TOTAL	413.7	427.6
Programmed Sell (MMBF):		
Wilderness		63.5
Study & Planning Areas		165.2

Non-Wilderness	760.5	531.8
TOTAL	760.5	760.5

Commercial Forest

Land (Acres):

Wilderness	369,658	679,932
Wilderness Study		12,285
Planning Area		69,786
Transfer to NPS		6,018
TOTAL	369,658	768,021

¹As modified by the present Administration.

TABLE 2

H.R. 859 ANNUAL IMPACTS

(These are additional impacts above those resulting from administration's recommendations)

Commercial Timber volume, Receipts and Jobs (As Compared to the Administration's Wilderness Recommendations)

(1980 Dollars)

Indicator	Annual Decrease	
	1981-85	1986-95
Potential Yield (MMBF) ¹	72.0	72.0
Programed Harvest (MMBF)	52.6 2/	135.0 3/
Gross Returns to U.S. Treasury (MM \$) ⁴	19.6	64.6
Jobs:		
Direct	350-400	900-1000
Indirect	7000-800	1800-2000
Payments to Counties (MM \$)	5.5	18.2
Federal Payments (MM \$) (25% Fund)	4.9	16.2
Yield Tax (MM \$)	0.6	2.0
Payments to Key Counties:		
Del Norte	0.3	1.1
Humboldt	0.2	0.8
Trinity	1.0	3.5

Shasta	0.3	0.4
Siskiyou	2.4	8.0

¹The difference is based on a reduction of potential yield of 59.6 MMBM for administration wilderness recommendation and 131.6 MMBM for H.R. 859.

²Reduction of average programmed harvest of 26.1 MMBM for new wilderness areas and 26.5 MMBM for study areas.

³It is anticipated that the reduction in average annual harvest between 1985-95 will be at least twice the reduction in potential yield because of the heavy cutting in current roaded areas.

⁴Based on average of actual bidding experience for green sales in Calendar Year 1980. Average high bid is \$372.87 per thousand board feet. Prices are also anticipated to increase 2.4 percent a year above inflation.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

CONGRESS PROVIDES SUPPLEMENTAL FUNDS FOR USDA BRUCELLOSIS INDEMNITY

WASHINGTON, June 12--The U.S. Congress has provided supplemental funds to restore brucellosis indemnities to pre-May 1 levels--when shortage necessitated a 20 percent reduction, a U.S. Department of Agriculture official said today.

Paul Becton, director of the national brucellosis eradication program for USDA's Animal and Plant Health Inspection Service, said the restoring of full-rate indemnity is retroactive. Supplemental claims are being prepared for the farmers who were paid at the reduced rates.

Restoring full-rate indemnity means USDA will pay 88.5 percent of the average cost of replacing reactor animals, less the average slaughter price or salvage value received, Becton said. For non-registered beef animals, the restored rate will be \$62 per head. Indemnity payments for non-registered dairy animals vary from state to state.

Within maximum limits, indemnity for registered animals is based on 88.5 percent of appraised value less the actual price paid at slaughter.

Becton said the Congressional action also allows the resuming of certain other activities halted because of the funding shortage. For instance, veterinary officials in states with low infection and in states with stepped-up eradication programs may again authorize indemnity for entire herds sent to slaughter because of chronic or heavy brucellosis infection.

Also, the additional funds will assure continued use of private veterinarians for testing and calf vaccination in certain areas considered critical because of high infection levels. This includes testing cattle at first points of assembly in the marketing chain--called first-point testing. Such critical supplies as vaccine can also be bought with the supplemental funds.

Cattle brucellosis is at a low level nationally, Becton said. Several states are at or near the zero infection level, including: Alaska, Connecticut, Delaware, Hawaii, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina,

North Dakota, Rhode Island, South Carolina, West Virginia and Vermont.

States with relatively high infection levels include: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, and Texas. Of these, Alabama, Arkansas, Georgia, Kentucky and Tennessee have stepped-up programs. All other states have low to moderate levels of infection.

Brucellosis, sometimes called Bang's disease or contagious abortion, is an infectious bacterial disease of cattle, swine and other animals that may be transmitted from animals to humans--especially those in contact with infected animals. Raw--unpasteurized--milk is also a source of human infection, often referred to as undulant fever.

#

SCABIES CASES SHOW MARKED DROP DURING PAST WINTER

WASHINGTON, June 12--A U.S. Department of Agriculture veterinarian said today there were 128 cases of psoroptic cattle scabies mites in the United States from October to May, 1981--nearly half the 247 cases identified during the same period a year earlier.

"But," said Glen Schubert of USDA's Animal and Plant Health Inspection Service, "these figures may be misleading. This pest is most active and most frequently found during winter months and drought and low cattle prices this past winter kept the number of cattle grazed in the Panhandle and High Plains down to 35 percent of normal.

"In most years a great share of scabies outbreaks are found in cattle on winter wheat pastures. With fewer cattle on winter wheat, detection procedures may not have been adequate."

Texas, with 25 confirmed cases, had the most known scabies cases during the season, followed by Kansas with 18 and Colorado with 16. Missouri recorded its first case in at least 20 years.

For state and federal scabies eradicators, the major problem of the season occurred when scabies mites were identified on cattle freshly shipped from the Navajo Nation in northern New Mexico. Traceback investigations found mites on cattle wearing two different brands on

tribal lands. Some 15,000 animals were dipped to eradicate this outbreak.

Scabies is a contagious disease of cattle caused by tiny, parasitic mites that pierce the skin of cattle and feed on body fluids released from the wound.

The mites are spread by contact between animals and can be killed when infected cattle are dipped in a pesticide approved by USDA. Mites cause serious economic losses for cattle producers and feedlot operators, but do not affect meat wholesomeness.

Schubert said that although warmer weather is the time when scabies mites are less active--and therefore the condition less likely to be seen--ranchers should still check their herds regularly for signs of scabies. Ranchers should report any suspected scabies to their veterinarians or animal health officials.

#

USDA RESTORES GARBAGE HANDLING APPROVAL AT 2 AIRPORTS

WASHINGTON, June 15--U.S. Department of Agriculture officials have restored approval for handling and disposing of foreign-origin garbage to Dobbs House Airline Catering at New Orleans International Airport and to Sky Chefs division of Flagship International, Inc., at Honolulu International Airport.

USDA's Animal and Plant Health Inspection Service Deputy Administrator Harvey L. Ford has notified the corporations of re-establishment of the approval because the two companies have corrected deficiencies in complying with federal garbage handling regulations for foreign-origin garbage.

Approval suspension is still pending against two other catering operations--Sky Chefs facility and Marriott Corporation's World Way West catering facility, both at Los Angeles International Airport.

"In some cases, the caterers have been mixing foreign-origin garbage with domestic waste, taking it to local landfills without necessary treatment to eliminate agricultural pests and diseases," Ford said. "Other violations of garbage regulations also occurred. With the

imminent risk of introducing foreign agricultural pests and diseases, we had to remove their approval to handle foreign-origin garbage.

"However, Dobbs House and the Sky Chefs operation are now properly handling garbage and USDA can restore garbage handling approval of those two locations."

Safe disposal under federal regulations must include sterilization, incineration or grinding into an approved sewage system for disposal.

"Garbage can be, and in some countries has been, the source of disastrous disease outbreaks and pest introductions," Ford said. "In the Dominican Republic and Haiti, swine production has been devastated by an outbreak of African swine fever, which we are almost certain was introduced by garbage from ships or planes.

"In addition to African swine fever, we are constantly concerned about many other diseases and pests that can easily be carried in food and garbage, foreign souvenirs, cargoes and other materials," Ford said.

USDA officials administer agricultural import regulations to prevent the entry of products containing such pests or diseases. USDA inspectors are stationed at about 80 ports of entry.

#

A BLUEPRINT FOR WHOLESOMENESS

WASHINGTON, June 15--Architectural blueprints may not look like much to many consumers, but they can provide the first line of defense in assuring that safe meat and poultry products reach the dinner table.

"Blueprints give a good indication of how sanitary a slaughtering or processing plant will be--and sanitation is essential to food safety," said Bartie T. Woods, director of the facilities, equipment and sanitation division of the U.S. Department of Agriculture's meat and poultry inspection program.

"Before the first brick is even laid, USDA inspectors make sure the plant is designed and built to be clean," Woods said.

"A casual observer in a plant may not realize how important advance planning of facilities and equipment is in guaranteeing that the plant will turn out only wholesome products," Woods said.

Plant sanitation is affected by location, layout and equipment. When the Federal Meat Inspection Act was enacted 75 years ago, Congress included strict sanitation controls to prevent unhealthy conditions that could result in contaminated meat.

Today, USDA carries out that mandate by reviewing plant blueprints and equipment plans before construction begins, and by checking plant facilities before and during each day's operations.

"Skilled examination of plant blueprints will reveal how easy it will be to keep the plant clean and how well inspectors can monitor the operations," Woods said.

"These reviews often head off potential problems and save money for plant owners by avoiding layouts, equipment, or materials that might cause a sanitation problem later," he said.

The review begins with a check of the plant site.

"Meat and poultry plants should not be located near a refinery, dump, sewage treatment plant or other facility that might give off fumes or ashes that could contaminate food," he said.

The interior layout of the plant is also important. For instance, livestock pens must be separated from the slaughtering area to avoid contamination of the carcasses.

Similarly, slaughtering areas must be separate from processing areas to avoid the transfer of bacteria or disease from raw meat to areas where such items as frankfurters, sausages and frozen dinners are produced.

The floors, walls, ceilings and working surfaces must be made of non-absorbent materials so they will be easy to keep clean.

The facilities staff checks the materials used in plant construction to make sure potential toxic contaminants will not come into contact with food.

"Equipment review generally begins when a manufacturer submits an assembly drawing of a machine and a list of materials used in its construction," Woods said. "From these, USDA reviewers can tell how easily the machine can be taken apart for cleaning, and if it is built of nontoxic materials."

Often, new equipment is installed on an experimental basis to see if actual use turns up any problems that could affect the wholesomeness of the products. If the experiment is successful, the machine is

approved for general use in all meat and poultry plants.

Once the plant is built and ready to begin operating, Woods said, USDA inspectors stationed in the plant make sure sanitary conditions are kept up.

Key spots are checked every day before operations begin. The most important are the product "contact zones"--those areas that physically touch the food--and the tough-to-clean areas, such as the inside of machinery.

When the USDA inspector determines sanitary conditions exist, the slaughtering or processing operations can begin, Woods said.

Throughout the workday, sanitation checks continue. Knives, saws, cutting boards, table tops--anything that touches the product--must always be clean. If, at any time, equipment is not properly cleaned or an unsanitary condition is found, the operations are stopped until the problem is corrected.

"This ongoing emphasis on a high level of sanitation results in a safe and wholesome meat and poultry supply--one in which consumers can have confidence," Woods said.

#

DEPUTY SECRETARY LYNG TO VISIT CHINA, FAR EAST

WASHINGTON, June 16--Deputy Secretary of Agriculture Richard E. Lyng will lead a joint government-industry team of grain specialists to China and will afterward visit Japan and Korea.

Lyng said the team's visit is part of the U.S. Department of Agriculture's intensified campaign to expand U.S. grain exports. The team will leave June 20 to meet with representatives of the Chinese government and grain trade to develop specific plans for expanding technical assistance to foreign users of U.S. agricultural products, improving credit programs and determining quantities of U.S. grain to be purchased in the 1981-82 marketing year, Lyng said.

Following his meetings in China, Lyng said he will travel to Japan July 1-4 and to Korea July 4-6 for discussions with government and trade officials on trade matters of mutual interest.

The trade team--which will not accompany Lyng to Japan and Korea--is scheduled to return July 1.

Lyng said China is one of the countries targeted by USDA as having a growing market potential for U.S. grain sales.

"Increased production in competing countries has resulted in increased competition, which the United States plans to meet through new or increased measures to expand foreign markets," he said. "Our objective is to enhance the U.S. reputation as the world's most dependable supplier."

Team members are Harrell Ridley, vice chairman of U.S. Wheat Associates Inc.; E. Thurman Gaskill, chairman of the U.S. Feed Grains Council; Myron Laserson, Continental Grain Co., and LaVerne Becker, FarMarCo, representing the U.S. grain exporting industry; and USDA employees Robert Svec, David Culver and Charles Liu.

In fiscal year 1980, the United States exported about \$900 million worth of grain to China.

#

WATER, SOIL, ENERGY PROBLEMS THREATEN SOUTHERN PLAINS, USDA OFFICIAL SAYS

LUBBOCK, Texas, June 17--Without increased research and conservation of resources, the Southern Great Plains, now considered the world's breadbasket, could revert to being the "great American desert," Anson R. Bertrand, U.S. Department of Agriculture director of science and education, said here today.

Speaking at the annual meeting of the forestry committee of the Great Plains Agricultural Council, Bertrand said the major agricultural problems identified by the Council 20 years ago have not changed much.

"Farmers here can expect periodic drought cycles to continue, resulting in low crop yields and financial losses. Soil erosion continues to steal from our children's future," he said.

Bertrand said that in some ways, the very success that enabled the Southern Great Plains states to become the world's breadbasket, also has been the source of a dampening of public support and enthusiasm

for continued funding for agricultural research.

People also became less sensitive to the exploitation of soil and water resources, without which neither scientific research nor human determination could make crops grow, he said.

"This complacency has not been confined to the southern plains. It's true nationwide," he said. "And we may be paying the price for such complacency now. Our agricultural productivity is showing signs of slowing down.

"Between 1939 and 1965, U.S. productivity grew at an annual rate of 2.1 percent. Since 1965, that rate has fallen to 1.7 percent.

"For some crops, yields have actually plateaued." Bertrand said.

At the same time, Bertrand said, federal funding for soil and water research has remained at a basically constant level since 1966--at the very time when we need to expand our knowledge of soil and water.

One of the major problems facing the Southern Plains is the decreasing water table, Bertrand said.

"In Texas alone, 11 billion gallons of water are being mined every day--with hardly a thought to the fact that it will take thousands of years for nature to replenish this reserve. The more water pumped, the lower the water table drops, the greater the cost in energy and dollars spent," Bertrand stated.

He said irrigation cannot continue to be thought of as the only answer to solving the southern plains' water problems; we must find other ways of better utilizing the limited rainfall.

Bertrand said the plant stress and water conservation laboratory USDA plans to establish at Lubbock will help solve irrigation and other problems.

"We're planning to staff this \$20 million facility with the most diverse group of scientists ever brought together to study a set of related agricultural problems. The 22 scientists at this lab will include soil physicists and biochemists, geneticists, agricultural engineers, agronomists and others," Bertrand said.

The multi-disciplinary lab team will work to develop management systems and methods that will reduce water losses, while developing and utilizing new plant and breeding selection techniques to create new crop plants that use water more efficiently and are more tolerant of water stress conditions.

"Advances in these areas will go a long way toward easing this region's dependence on irrigation and will enable farmers to maintain high production while making the most of whatever moisture is available."

He said basic research on how a plant reacts to environmental stress and how stress affects potential yields also will be conducted at the lab.

"We already know that if we develop technology that enables plants to withstand moderate levels of moisture and thermal stress, we could increase grain production in the Great Plains 15 to 20 percent in just 10 years. At current grain prices, that would put \$28 billion more in farmers' pockets over the 10-year period," he said.

One important benefit of finding alternatives to irrigation, Bertrand said, is the saving of energy.

"Irrigation farming consumes 16 times the amount of energy that dryland farming does, mostly because so much energy is needed to pump groundwater," he said. "In fact, two-thirds of the energy consumed in the southern plains for farming is used for that purpose alone. That hurts when you realize that the cost of energy is eight times higher than it was in 1974, a mere seven years ago."

Bertrand said alternative sources of energy such as solar and wind energy are being explored in the Great Plains region which will benefit agricultural production.

However, he said, the Plains wind is better known for working against plainsmen by blowing away precious soil.

Properly designed windbreaks can help, Bertrand said, but "Our ever-changing agriculture demands that we re-think some of the ways we use windbreaks. We need to develop improved windbreak designs, and we need to find new plant species that are suitable for windbreaking. We also need to find ways to combine windbreaks and other techniques to control wind erosion."

He cited work of the state universities and Extension Services which is aimed at improving the design and use of windbreaks.

"Research and education are the only effective weapons with which we can meet the agricultural challenges ahead," he concluded. "These efforts represent investments in the future. If we don't make adequate

investments on a timely basis, the world's breadbasket may return to being the great American desert. We cannot afford to let that happen."

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USDA TO DEVELOP PILOT PROGRAMS TO CONTROL AND ERADICATE PSEUDORABIES

WASHINGTON, June 17--The U.S. Department of Agriculture is developing plans for pilot projects that can help determine the best methods to control and eradicate pseudorabies--a costly swine disease.

Jim Downard, a veterinarian with USDA's Animal and Plant Health Inspection Service, said the pilot projects will be done in a county or group of counties where the disease is well established.

"The projects will be based on all available expertise and we'll start them as soon as we can," he said.

Pseudorabies, also known as Aujeszky's disease, infectious bulbar paralysis and "mad itch" in cattle, is a herpes virus disease of swine. Losses are greatest in suckling pigs. Mature hogs are believed to be the main reservoir of the disease. Pseudorabies is almost always fatal when it spreads to cattle, sheep, dogs, cats and some wild animals such as skunks and raccoons.

USDA will also develop a way to monitor the disease status of feeder pigs in interstate commerce, Downard said. "We expect to report on this at the annual meeting of the U.S. Animal Health Association in October," he said.

Downard said the pseudorabies committee of the Livestock Conservation Institute recently met and requested USDA's help in controlling the disease.

"Their committee endorsed USDA's proposed standards for a cooperative state-federal control and eradication program," Downard said. "They asked state and federal veterinarians to determine--by the October health association meeting--how such a program could be implemented."

Downard said the committee also supported the concept of reducing incidence in getting ready to eradicate the disease as the best of four alternative approaches. The other

alternatives were eradication, control or vaccination alone.

A recent USDA survey showed that 8.39 percent of hogs tested at slaughter were positive for pseudorabies, Downard said.

"This was a dramatic increase over the 0.56 percent reported in 1974 and the 3.73 percent found in a 1977-79 survey," Downard said.

"However, tests can't differentiate between vaccinated and infected animals. Thus, an increase in vaccination in recent years may account for the apparent increase in disease.

"Nevertheless, these figures support our belief that pseudorabies is increasing, although at a slower rate than in previous years," he said.

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USDA TELLS HOW TO SAVE MONEY BY BUYING LARGE CUTS OF MEAT

WASHINGTON, June 17--Shoppers fumbling through the stacks of meat looking for a more economical buy might find it by buying large cuts of meat.

A new U.S. Department of Agriculture fact sheet, "How to Save Money with Large Cuts of Meat," tells how to get the most for each meat-buying dollar.

"The brochure explains why buying large cuts of meat is more economical than buying smaller quantities," said Donald L. Houston, administrator of USDA's Food Safety and Quality Service.

The fact sheet lists several different cuts to choose from--whole round tip, whole bottom round, whole top round, strip loin, ribeye roll and top sirloin butt. It also gives helpful hints on cutting, cooking, storing and preparing the meat.

"Cutting is much easier when the meat is so cold that ice crystals are beginning to form," Houston said. "Large cuts, such as chuck blade roast, chuck steaks and round steak will save food dollars and don't need much storage space."

According to the fact sheet, tender meat maintains its quality better when cooked with dry heat--roasted, broiled or fried.

To get a copy of "How to Save Money with Large Cuts of Meat,"

write: FSQS, USDA, Information Division, room 2957-S, Washington, D.C. 20250.

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JOAN S. WALLACE TO HEAD USDA'S OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

WASHINGTON, June 17--Secretary of Agriculture John R. Block today announced the appointment of Joan S. Wallace as director of the Office of International Cooperation and Development in the U.S. Department of Agriculture, effective July 6.

"This office is responsible for the coordination of USDA's overall program to aid agricultural development in the less-developed countries of the world," Block said. "This includes the responsibility for technical assistance, international training and development programs, as well as the coordination of international organizational affairs and scientific exchange and research agreements in transitional and developed countries."

USDA has signed scientific agreements with the ministers of agriculture of 27 countries around the world, including the Peoples Republic of China and the Soviet Union.

The director of international cooperation and development reports to the undersecretary for international affairs and commodity programs.

Wallace has served as assistant secretary for administration since Dec. 2, 1977.

Before coming to USDA, Wallace was vice president for administration at Morgan State University, Baltimore, Md. She has written numerous articles on management, finance, racial and social issues.

Born and reared in Chicago, Ill., Wallace holds a bachelor of arts degree from Bradley University, a master's degree from Columbia University, a doctorate from Northwestern University and has had additional training at Harvard Business School.

Wallace has received numerous awards, including the distinguished alumni award from Bradley University and an honorary degree of doctor of humanities from the University of Maryland. In May, 1981,

she was awarded a doctor of humane letters from Bowie State College.

Quentin West has served as director of the Office of International Cooperation and Development since its organization in 1978 as well as special assistant for international, scientific and technical cooperation. West will continue to serve as special assistant to the under secretary for international affairs and commodity programs.

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USDA REORGANIZATION ANNOUNCED

WASHINGTON, June 17--A reorganization involving several agencies of the U.S. Department of Agriculture--including a division of the human nutrition research and information functions--was announced today by Secretary of Agriculture John R. Block.

The restructuring is intended to increase the efficiency of the department without additional cost or increase in personnel. The changes focus direction of the agencies along lines of functional responsibility and are designed to have a positive impact on program responsiveness, Block said.

"These changes are designed to improve the efficiency of the USDA, Block said, "because the reorganization combines some programs with comparable functions. We've put them together so they can logically result in a smoother operation."

The administrative action signed by Block establishes a new agency, the Human Nutrition Information Service, under the jurisdiction of the assistant secretary for food and consumer services while human nutrition research will remain a responsibility of the director of science and education.

Block said the nutrition information function, which was previously under the Science and Education Administration, has been changed because it is important for the assistant secretary for food and consumer services to be responsible for that program.

"We've felt the assistant secretary for food and consumer services has both the obligation and is in the best position to provide the public with better nutrition information," Block said. "The Office of Consumer Affairs has been renamed the Office of the Consumer

Advisor and will report to the assistant secretary for food and consumer services.

"This office should report directly to the assistant secretary who is responsible for following consumer concerns," Block said. The office previously reported directly to the secretary.

Today's action continues the reorganization which began June 5 when Block announced the transfer of the Food Safety and Quality Service. The agency was renamed the Food Safety and Inspection Service, and was moved from the assistant secretary for food and consumer services to the assistant secretary for marketing and transportation services.

That change was made because of FSQS activities being principally regulatory in nature, Block said.

As part of that realignment, the title of assistant secretary for marketing and transportation services will be changed to assistant secretary for marketing and inspection services.

Also, the Packers and Stockyards Administration which was previously part of the Agricultural Marketing Service, has been established as a separate agency.

The reorganization also creates four new program agencies: Agricultural Research Service, Cooperative State Research Service, Extension Service and the National Agricultural Library. The functions of these agencies previously came under the Science and Education Administration which has been dissolved.

Block said he decided to delegate greater authority to the administrators of the major science and education programs in an effort to strengthen the effectiveness of those programs and make them more efficient.

Each of the three major agencies will be headed by an administrator who will report to the director of science and education. The National Agricultural Library will be headed by a director.

The Economics and Statistics Service has been divided into an Economics Research Service and a Statistical Reporting Service. Administrators of these agencies will report directly to the assistant secretary for economics.

The World Food and Agricultural Outlook and Situation Board has been renamed the World Agricultural Outlook Board. The chairman

will continue to report to the assistant secretary for economics.

"When I gave public notice of the establishment of the position of Assistant Secretary for Economics, I stated that the purpose of the action was to give added emphasis to the economic concerns facing farmers," explained Block.

"In order to give further support to that action, I have decided to separate the functions into these two new program agencies."

The Office of Environmental Quality--under the jurisdiction of the assistant secretary for natural resources and environment--has been abolished. However, its functions will be distributed to appropriate agencies and integrated with ongoing programs of the department.

"This action does not mean we have less concern for environmental quality. Rather, it is a desire to ensure better integration of these concerns with ongoing programs," Block said.

One agency under the jurisdiction of the Office of the Secretary, the Office of Budget, Planning and Evaluation, has been renamed the Office of Budget and Program Analysis. It will continue to report to the secretary.

A management staff will be assigned to each of the major areas of economics, science and education, and marketing and inspection. These new units will provide personnel, administrative, budget and financial support to some agencies aligned under each of the major areas.

These central services will help to encourage greater efficiency and avoid duplication of effort in the management area, Block said. Each unit will be created through a realignment of the present staff and will be financed through reimbursement from the agencies being served, he said.

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USDA BOOKLET EXPLAINS HOW FEDERAL MILK MARKETING ORDERS WORK

WASHINGTON, June 17--The U.S. Department of Agriculture has just updated "The Federal Milk Marketing Order Program," a booklet that explains milk marketing orders.

"This booklet describes how federal milk marketing orders were developed, their evolution under changing marketing conditions, their current scope and operation and a look at where the future may take the marketing orders," said Herbert L. Forest, dairy official with USDA's Agricultural Marketing Services.

"The 43-page booklet is an in-depth review of this important and complex program for orderly milk marketing," he said.

Currently, there are 48 milk marketing orders that regulate the prices farmers receive for 75 percent of the milk used for fluid purposes. One of the 48 orders was implemented since the booklet went to press. Presently, USDA is studying proposals for one more order and for the merger of six orders into two.

"In recent decades, the number of orders has decreased from more than 80 to the current number, while the percentage of dairy farmers marketing milk under marketing orders has increased," said Forest.

"Federal milk marketing orders set minimum prices that regulated handlers must pay dairy farmers for their milk," he said. "The orders do not set the prices consumers pay for dairy products at retail outlets."

Free copies of "The Federal Milk Marketing Order Program," MB-27, may be obtained from: Dairy Division, rm. 2758-S, AMS, USDA, Washington, D.C. 20250.

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BLOCK ANNOUNCES PRODUCTION OF FOOT AND MOUTH DISEASE VACCINE

SACRAMENTO, Calif., June 18--Secretary of Agriculture John R. Block today announced a breakthrough in genetic engineering to produce a vaccine against the virus of foot-and-mouth disease, one of the world's most serious animal diseases.

"This breakthrough can mean annual savings of billions of dollars and an increase in the world's supply of meat," Block said.

"We believe this to be the first production through gene splicing of a vaccine against any disease in animals or humans. Animal tests carried out over an eight-week period ending today show that the vaccine works," he said.

Block said the breakthrough was in the application of "recombinant DNA technology," a form of genetic engineering whereby a single gene

or small series of genes from one organism are inserted into the DNA of another organism.

The work was done under a cooperative agreement between the U.S. Department of Agriculture's Science and Education Administration and Genentech Inc., a San Francisco-based research firm.

USDA and Genentech scientists carried out the tests as well as the developmental work on the vaccine, at USDA's high containment facility at the Plum Island Animal Diseases Center, about 1-1/2 miles off the coast of Long Island, N.Y.

Genentech handled non-hazardous aspects of the work at its California facilities.

"Foot and mouth disease is a highly contagious disease of cattle, sheep, swine and many other animals," Block said. "There is no known cure. When an outbreak occurs, exposed and infected animals must be destroyed. Although outbreaks have occurred here in the past, foot and mouth disease does not now exist in the United States.

"The vaccine produced by the new recombinant DNA technology is safe and effective. It cannot produce the disease in a vaccinated animal because only a segment of the virus is used, not the whole virus. Also the vaccine produced with the new technology can be stored for long periods of time without refrigeration. It is economical to produce and greater quantities can be produced at a time than was possible under previous methods of production."

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HOUSTON ANNOUNCES REORGANIZATION OF USDA'S FOOD SAFETY AND INSPECTION SERVICE

WASHINGTON, June 18--An initial realignment of functions in the new Food Safety and Inspection Service of the U.S. Department of Agriculture was announced today by the agency's administrator, Donald L. Houston.

"The realignment is designed to enhance efficiency in agency activities," Houston said. "The Food Safety and Inspection Service will have four major components: operations, technical services, science and administrative management. These changes within the agency flow

naturally from Secretary Block's reorganization and they will enable us to streamline our functions. Further consolidation will occur over the next several months."

The commodity services program was transferred from the Food Safety and Quality Service to the Agricultural Marketing Service and the food agency renamed the Food Safety and Inspection Service. The commodity services program provides voluntary grading service on a fee basis and develops grade standards for meat, poultry, eggs, dairy products and fresh, canned, frozen and dried fruits and vegetables.

The Food Safety and Inspection Service will continue to be responsible for assuring that meat and poultry products moving in interstate and foreign commerce are safe and accurately labeled, Houston said.

The Food Safety and Quality Service, formed in 1977, had five major programs: meat and poultry inspection, science, compliance, commodity services and administrative management.

Highlights of the realignment, according to Houston are:

- Meat and poultry inspection program will be divided into two programs--operations and technical services.

- Compliance enforcement functions will be divided among programs.

- Meat and poultry standards and labeling division will become part of technical services.

- The headquarters-based evaluation and enforcement division will become part of operations.

- The program review branch of the evaluation and enforcement division, stationed in Lawrence, Kans., will become part of a new program audit unit in the office of the administrator.

- Two compliance divisions, planning and analysis and regulations coordination, will be integrated into the policy and program planning staff under John McCutcheon in the office of the administrator.

"Each of the four programs in the Food Safety and Inspection Service will be headed by a deputy administrator reporting to me," said Houston. "Ronald E. Engel will continue as deputy administrator of the science program, and Joseph A. Powers as head of administrative management. Victor H. Berry, who now heads the meat and poultry inspection program, will head operations. Merlin A. Nelson, now

associate deputy administrator for meat and poultry inspection, will head technical services."

Houston said the public participation unit, now in policy and program planning, will join information and legislative affairs, reporting to John McClung.

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STANDARD SERIAL RECORDS